



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0556	Title:	Generally revise vehicle titling and registration laws
Primary Sponsor:	Lavin, Steve	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$59,836)	(\$121,059)	(\$125,466)	(\$128,966)
Net Impact-General Fund Balance:	<u>(\$59,836)</u>	<u>(\$121,059)</u>	<u>(\$125,466)</u>	<u>(\$128,966)</u>

Description of fiscal impact: This bill allows certain vehicles intended strictly for off-highway use to receive a title without being required to register the vehicle if the owner signs an affidavit stating that the vehicle will not be used on public highways in Montana. Reduced registration revenue from off-highway vehicles will have a negative impact on general fund revenue starting in FY 2016.

FISCAL ANALYSIS

Assumptions:

Department of Justice

1. This bill will impact registration revenue from vehicles that register for off-highway use in Montana.
2. An applicant for a certificate of title for a motor vehicle may be exempt from the registering the vehicle if the applicant signs an affidavit stating that the vehicle will not be operated on the public highways of Montana.
3. The vehicle groups most affected by the provisions of HB 556 are motorcycles and quadricycles that receive a title and register for off-highway use only.

4. There is a negligible number of vehicles not classified as a motorcycle or quadricycle that may be intended for off-highway use and would be subject to the registration exemption contained in HB 556. The revenue impact from these vehicles is assumed to be insignificant and is not included in this analysis.
5. The count of new motorcycles and quadricycles receiving a title in FY 2014 and that registered solely for off-highway use is employed to estimate the future number of motorcycles and quadricycles that will not be required to register and pay fees upon application for title.
6. In FY 2014, 1,791 new motorcycles and quadricycles received a title and registered for off-highway use only. It is assumed that this number will progress at the same rate as the growth in vehicle taxes and fees revenue contained in HJ 2 for FY 2015 through FY 2019.
7. The following table shows the projected number of off-highway motorcycles and quadricycles that will receive a title in FY 2016 through FY 2019, but that will not register and will be exempt from the registration fee. Since HB 556 is not effective until January 1, 2016, only half of the vehicles projected to receive title in FY 2016 will be affected.

	FY 2016	FY 2017	FY 2018	FY 2019
Annual Registrations of New Off-Highway Vehicles*	1,835	1,856	1,924	1,977
Vehicles Eligible for HB 556 Waived Registration Fee^	917	1,856	1,924	1,977
Off-Highway Registration Fee	\$61.25	\$61.25	\$61.25	\$61.25
Reduction in Registration Revenue from New Off-Highway Vehicles	\$56,196	\$113,695	\$117,834	\$121,122
HJ2 Growth in Vehicle Taxes & Fees	1.25%	1.16%	3.64%	2.79%

*New vehicles are classified as those with model years equal to the current fiscal year or one year prior.

^Only vehicles registered in the second half of FY 2016 will be eligible for the waived registration fee.

8. HB 556 states vehicles that transfer ownership will be eligible for the exemption from registration and fees provided that the person to whom the vehicle is being transferred signs an affidavit declaring that the vehicle will not be operated on the public highways of Montana.
9. The table below outlines the estimated number of motorcycles and quadricycles registered strictly for off-highway operation that are expected to transfer ownership in FY 2016 through FY 2019. In FY 2014, 116 of these vehicles transferred ownership and it is expected that this number will grow at the same rate as vehicle taxes and fees revenue in HJ 2.

	FY 2016	FY 2017	FY 2018	FY 2019
Annual Number of Off-Highway Vehicles Transferring Ownership	119	120	125	128
Vehicles Eligible for HB 556 Waived Registration Fee^	59	120	125	128
Off-Highway Registration Fee	\$61.25	\$61.25	\$61.25	\$61.25
Reduction in Registration Revenue from Transfer of Ownership	\$3,640	\$7,364	\$7,632	\$7,845
HJ2 Growth in Vehicle Taxes & Fees	1.25%	1.16%	3.64%	2.79%

^Only vehicles registered in the second half of FY 2016 will be eligible for the waived registration fee.

10. HB 556 is effective January 1, 2016.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	<u>(\$59,836)</u>	<u>(\$121,059)</u>	<u>(\$125,466)</u>	<u>(\$128,966)</u>
TOTAL Revenues	<u>(\$59,836)</u>	<u>(\$121,059)</u>	<u>(\$125,466)</u>	<u>(\$128,966)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	<u>(\$59,836)</u>	<u>(\$121,059)</u>	<u>(\$125,466)</u>	<u>(\$128,966)</u>

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date